The National Farm Program: What It Aims At And How It Works

I.

SERVING THE NATION IN PEACE AND WAR

Farmers are doing their full part as the Nation mobilizes. Among the basic elements of defense none is more important than food or fiber. The national farm program in many ways is helping farmers to produce enough of the agricultural products the Nation needs.

Not much more than two years ago the farm program was being used to combat an emergency of surplus. Today the program is just as effective in meeting an emergency of defense needs. Once again the national farm program is proving its adaptability under rapidly changing conditions.

The transition has been so smooth that most of the people not on farms are scarcely aware that a far-reaching shift has been made. Even many farm people may not stop to think of what life might be like without the farm program. A whole new generation has grown up since the program began; men and women old enough for military service still are not old enough to remember when there was no program.

To realize fully what the farm program means, and what it has accomplished and is accomplishing, we must look back at least 20 years.

Twenty years ago there was no machinery of government by which farmers could respond confidently to changing production needs. The idea that farmers themselves could have a large hand in directing and running such machinery had few takers. Consumers had no assurance of continued abundant production on farms or of adequate reserves of storable foods and feeds.

Twenty Years Ago and Now

For instance, twenty years ago —

There were no standards in law to measure the fair exchange value of farm products and the farmers' fair share of the national income.

There was no governmental machinery to help farmers balance production with need.

Farmers could not count on Government price supports to assure at least minimum market returns.

There was no regularized system by which the surpluses of the fat years could be stored and put to use in the lean years.

(Agriculture—Washington)

The soil fertility of the Nation was being depleted at an alarming rate, and there was no concerted effort to restore it.

There was no all-risk crop insurance plan under which farmers could join together for mutual protection against unavoidable losses of crop investments.

There was no systematic way to divert surplus food into channels of need.

There were no farmer-elected committees by whom a national farm program could be carried out and to whom the farmers could go with their suggestions or complaints.

In short, 20 years ago, the real job of organizing American agriculture for balanced production and efficient marketing had not yet been begun. Today, thanks to successive acts of Congress since 1933, all the facilities essential to a comprehensive farm program are available for the Nation's use.

The emphasis in these notes will be almost entirely on those phases of national agricultural policy that are part of, or closely associated with, the work of the Production and Marketing Administration. Other activities, such as the research work of the bureaus of the Agricultural Research Administration, the cooperative Extension Service, the Soil Conservation Service, the Rural Electrification program, and the far-reaching operations of the Farm Credit Administration and the Farmers' Home Administration, also are essential to building and maintaining a strong agriculture. If these activities seem to receive little attention here it is not because they are less important or completely separate from the rest of the farm program, but only because they are less directly a part of the daily work of PMA committeemen.

Emergencies That Have Been Met

Whatever the emergency, the farm program can be adapted to meet it. In the last 19 years nearly every kind of emergency has been encountered.

Take a quick look back over those years.

When the farm program came into being, its first job was to grapple with the crisis of surplus and low prices and farm bankruptcy. Mortgages were being foreclosed on one farm out of eight, and many other farms were being sold for taxes. Wheat was selling at under 40 cents a bushel, corn at under 30 cents a bushel, cotton at 6 cents a pound, hogs at 3 cents a pound. Agriculture was being crushed by uncontrolled surpluses, and millions of farmers were facing ruin.

Then 2 years of unprecedented drought — 1934 and 1936 — brought a different kind of crisis, as dust storms ravaged thousands of square miles of farm land and millions of cattle were without feed.

By 1938, there was a new surplus emergency. In the light of 5 years of experience, the farm program was strengthened to meet it.

That surplus period gave way, in 1942-45, to the emergency of war; all that farmers could produce was needed for our own fighting forces and civilians, and for provisioning our allies. On top of this, in 1946, came famine in many parts of the world, with the U. S. sharing its food with hungry people overseas.

In 1948-49, surpluses piled up higher than ever. Control of these surpluses was a big factor in warding off general economic collapse.

Now the farmers are called upon in a new defense emergency, with the need of combatting inflation as well as providing essential fiber and food. As in the last 19 years, farmers are prepared to use their program in guarding against a variety of perils.

In the Defense Emergency

In the defense emergency, the farmers' primary responsibility is to produce more — not by any random expansion, but by a selective increase to assure enough of each essential product. The farmers' second task is to help guard against inflation. There are a number of anti-inflation measures, including price controls, that can be used when spending for armaments sends payrolls and purchasing power up while supplies of civilian goods remain fixed or shrink. But by far the best weapon against inflation is abundant production. The national farm program helps farmers produce abundant supplies of the commodities that are most needed and thus is a bulwark against both aggression from without and inflation from within.

Very generally, this is how the program works:

The Department of Agriculture, with the advice of the armed services, the agencies concerned with overseas economic programs, and those in charge of industrial mobilization, estimates how much of each farm commodity will be required. These estimates cover the needs of our own military forces and civilian population and also the requirements of our allies and the need for adequate reserves. The estimated total requirements then are turned into production goals and the Department of Agriculture, with the help of the farmer-committeemen and State Mobilization Committees, maps out the year's production job, State by State and county by county.

After the goals are established the farm program in several ways helps farmers to attain them. Price supports enable farmers to go ahead with confidence, right up to their full share of the production goal for each product; they know that no unexpected turn of events can knock the bottom out of farm prices. Storage loans not only are the main way of offering price supports, but they also make it possible for farmers to market their products in an orderly way, without fear of temporary market gluts just after harvest. The loans also assure consumers that adequate reserves can be built up and maintained. Agricultural conservation payments enable farmers to use more soil building practices especially adapted

to their farms. Over the years this conservation work has contributed to higher yields and its continuation is an assurance of still higher average yields in the future. Crop insurance enables farmers to share the risks of bad weather and other unavoidable hazards of production; its protection encourages full plantings and the indemnity payments, when disasters have struck certain localities, have enabled farmers to stay in business.

For the Longer Pull

We all hope that there will be no general war, but we cannot be sure. Whatever happens in the immediate future, the longer range course already is clear. As the Nation's population grows and its economy expands, the demand for foods and fibers and other products of American farms will increase steadily. Farmers will need to produce more and more; they will use more fertilizer and machinery and other materials and equipment.

Building and conserving soil fertility will be more important than ever. There are no more great expanses of new land to be brought into agriculture. For the most part we shall have to raise more crops and livestock on present farm land.

Price supports and storage loans and crop insurance will be more important, too. Modern farming requires large cash outlays and calls for adequate income every year. If incomes should fall sharply, farmers would be less able than in the past to keep on with high production. Also, of course, there is the chance of some slowing down of business activity after the current high defense spending tapers off. If that should happen, price supports would be a lifesaver for farmers and indeed for the whole nation. Price supports can be used again, as they have been in the past, as a defense barrier against uncontrolled deflation.

A National Asset

The farm program is a great asset, then, to farmers and to the entire nation both during the present emergency and for the longer run. Often, under the stress of day-to-day pressures, it is hard to keep in mind how the various parts of the program fit together and how they add up to a coherent pattern, even though at any one time some phases of the program may seem more important than others.

The farm program, of course, is not perfect. It never has been and probably never will be. Since the beginning it has been constantly improved and modified to meet changing conditions. It must be kept flexible and up-to-date.

But in its main outlines, the program meets fundamental needs of farmers and of the whole nation. It has been built up carefully out of the experience of millions of farmers. It works.

In order to keep it working and to keep it up-to-date, it is needful every so often to take a fresh look -- to look back on how the farm program began and what it has done and to look ahead to what it can do. That is the reason for this summary, which is the first in a series of brief notes. Others in the series will examine salient points of the program in somewhat more detail. If all the people come to thoroughly understand our national farm program we can be sure it will be constantly improved and steadfastly maintained.

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United States Department of Agriculture
Production and Marketing Administration
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II.

THE PRODUCTION JOB AHEAD

The production job of United States farmers -- this year, in the next 5 years, and over the next 25 years -- can be stated in one word: MORE.

First of all, there are the immediate needs resulting from the nation's mobilization program.

Then, looking farther ahead, there is the steady rise in U. S. population. Currently, the population is increasing by about 7,300 a day. This is a very high rate of increase and it may not be maintained. No one can be sure. The most conservative estimates of the Bureau of Census point to average population gains of more than 4,000 a day over the next 25 years. Even at this lower rate, each year that passed would add over 1.5 million mouths to be fed, bodies to be clothed, and users of other kinds of farm products. Farmers will be called upon to provide corresponding increases in the production of food, of feed, of fiber, and of the miscellaneous farm commodities that go into industry.

What This Meant in 1952

Magnitude of the job the farmers undertook this year can be seen by comparing the 1952 over-all production goal with the average production of farm commodities in the 5 years before the outbreak of World War II in 1939.

The 1952 goal called for total production nearly 50 percent greater than in those 5 prewar years.

If it is reached, a new record will be set that is 6 percent higher than the near-record production of last year.

(Agriculture - Washington)

More Acres, Bigger Yields

The over-all crop goal calls for an increase both in acreage and in yields per acre.

The increase in acreage is comparatively small, however; nearly all of the nation's tillable land already is in use. Most of the desired gain in production will have to come from higher yields. Increased yields depend not only on the weather but on the farmer's ability to coax the extra bushels, bales and tons of crops from the soil with the materials available to him -- on his ability to use seed, fertilizer, pesticides, equipment and labor necessary for maximum production from his land.

Most pressing need this year was for increased production of feed crops. Livestock numbers have increased sharply in the last few years under the strong demand for meat and other animal products. As a result, farmers have had to dip into feed grain reserves for two successive years. More corn, more grain sorghum, and more barley were needed to halt the decline in feed supplies.

Increased amounts of feed can be translated into food in the form of meat, milk, butter, cheese, chickens and eggs. The high goals for the feed crops have taken some of the pressure off production of food grains.

The 1952 acreage goal for wheat, the principal food grain, was about the same as last year's acreage. Acreage goals for both rye and rice also were about the same as the planted acreages in 1951.

Increases in production were sought however, for many of the other food crops, such as potatoes, sweetpotatoes, dry edible beans, and fresh vegetables.

Because of both military and civilian needs, continued big production of cotton was sought. In the case of the oilseed crops, acreage goals were held down this year in order to encourage greater production of feed grains.

Such a co-ordinated production effort -- from the mapping out of national goals in the U. S. Department of Agriculture to the application of these goals on the individual farm -- would not have been possible without the State and county agricultural mobilization committees, and the comprehensive national farm program. Through the network of farmer-elected committeemen, the production of farm commodities is being guided along the lines that can best meet the defense needs of the nation.

The Next Five Years

Big as the production job was this year, it will be bigger in the years to come.

Even accepting conservative estimates of population increase in 5 years the production goal would have to be raised to feed and clothe an additional 8 million people.

But the recent rate of population increase is considerably higher. Also, the millions of men in the armed forces require far greater food supplies than they would in civilian life. On top of that, the U. S. is helping to feed millions of Koreans who have been displaced in their country's war. Exports to other countries also have continued high, because of the shortage of food in many areas.

In addition, the high volume of defense production planned for the next few years means that the national economy is likely to stay at a level where most people will have enough money to buy the food they want. That fact in itself may cause a substantial increase in the per capita demand for food.

What Will U. S. Need in 1975?

Within 23 years, by 1975, the population of the United States is expected to be around 190 million, even according to conservative estimates. It may well be higher.

A 1975 population of 190 million would be 38 million greater than the 152 million at the time of the 1950 census.

These 38 million added people would be as many as the present population of 18 Western states -- Washington, Oregon, California, Montana, Idaho, Wyoming, Utah, Nevada, Arizona, Colorado, New Mexico, Texas, North Dakota, South Dakota, Nebraska, Kansas, Oklahoma and Missouri.

The big question for farmers in the coming period will be this: How can farm output be increased to meet this increased need?

A few examples will indicate the size of the job.

These are the additional quantities of meat, milk and eggs that will be needed in 1975, assuming that per capita consumption continues at about the present rate:

$5\frac{1}{2}$ billion more pounds of meat, which would require increased annual slaughter of:

10 million more cattle and calves
20 million more hogs
3-1/3 million more sheep and lambs
About 10 billion more quarts of milk which would mean
6 million more milk cows, or
an extra 615 quarts from each cow, or,
more logically, a combination of the two methods
About $14\frac{1}{2}$ billion more eggs, which would require
87 million more hens, or
43 eggs more per hen, or
some increase both ways.

An increase in livestock production to provide these larger numbers of animals for slaughter and for the production of milk and eggs would require a similar increase in feed output.

Better Farming Is the Answer

If all the additional production had to come from new land, about 100 million more acres of cropland would be required in 1975. That much new land is not available.

Most of the added production must come from an increase in yields. This means a further spread of conservation farming and adoption of modern technology -- improved crop varieties, better livestock, application of lime and fertilizers, better control of pests, development of weed killers, more and better farm machinery, and expanded use of electricity.

As total farm output is stepped up to keep pace with the long-range rise in national requirements the inevitable short-term fluctuations in production and demand would become even more of a potential threat than they are today. Larger quantities would be involved. And the new methods of farming, calling for more cash outlays for materials and equipment would make price supports and storage loans more important than ever. Without their stabilizing influence, production could not be maintained when prices sagged, nor would consumers be protected by adequate reserves.

For the big production job of the present, and the bigger production job of the future, farmers can use their national farm program to make their efforts count.

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III

WHERE SOIL BUILDING FITS IN

Peace or war, long run or short run, the heart of the national farm program is the conservation and building of soil fertility. Productive farmland is the primary source of the Nation's food and fiber and of the incomes of farm families. If agriculture's soil base should waste away, the most ingenious efforts of the technologists and the best contrived programs of price support would avail but little.

In recent years the need for soil conservation and soil building has become clearer than ever. The frontier days have ended. There are no great new areas to be opened up to match the needs of a growing population. Farmers no longer can move easily from worn-out acres to rich virgin soil. Between 1880 and 1920 the Nation's cropland area more than doubled, going from less than 200 million acres to slightly more than 400 million. Since 1920 total cropland acreage has hardly changed at all. But the number of mouths to be fed has kept rising. In 1920 about $3\frac{1}{4}$ crop acres were harvested for each person in the country. Today the average is about $2\frac{1}{4}$ per person.

This trend is continuing. The number of crop acres per person will grow still smaller. Of course, some new land still can be brought into agriculture by clearing, irrigation, or drainage. But in comparison with the present area now is crops and the expanding needs for farm products, these new crop areas will be small.

Most of the Nation's mounting requirements will have to be met by larger production on present acreage. This is a tremendous task. It will not be enough to check further soil erosion and depletion; average fertility must be greatly improved.

Agriculture-Washington

Widespread realization of how badly the soil base had been wasted came suddenly in the 1930's. A series of natural disasters drove home the lesson with added emphasis. The Dust Bowl of the southwest became a by-word throughout the Nation. "Black blizzards" swirled out of the Dust Bowl, begriming cities hundreds of miles away and reminding everyone that precious topsoil was being destroyed. Devastating floods along the Missouri and the Mississippi, the Ohio and the Columbia and their tributaries ripped away and carried off millions of other tons of topsoil.

The reconnaissance surveys of the Soil Conservation Service, later confirmed by more precise studies, indicated that out of about 500 million acres of once good cropland about 100 million acres had been so badly eroded by wind and water that they were not fit for immediate profitable cultivation. In addition to the losses from erosion the average fertility of farmland was falling through failure to compensate for the drain of overcropping.

What Has Been Done

The entire farm program, from basic scientific research to price support machinery contributes to the rebuilding of soil resources, for effective conservation is inseparable from balanced farming, steady, adequate cash incomes, and satisfactory credit facilities. The direct attack on erosion and depletion, however, has been made along three lines.

First, there is the technical side of conservation, from basic studies of erosion and depletion and of control measures to demonstration projects and technical assistance in planning and carrying out conservation work on individual farms. The Soil Conservation Service is primarily responsible for programs of this kind. Technical aid to individuals is given through groups of farmers in soil conservation districts that are locally organized and managed.

Second, there is the educational work of keeping before farmers the principles of soil and water conservation, emphasizing their value, and informing farmers of new conservation methods adapted to their part of the country. This is primarily a responsibility of the Federal-State Extension Service.

Third, there is the financial encouragement required to bring about general adoption of soil-saving and soil-building practices. This is primarily a responsibility of the Production and Marketing Administration through the Agricultural Conservation Program. In each agricultural community and county the administration of the program is in the hands of committeemen elected by farmers. County and community committeemen not only administer each year's program, but they are called upon annually to make recommendations for the next year's program. As a result of so much local participation in planning and running the Agricultural Conservation Program, the national program is flexible and well adapted to the particular conservation needs of different parts of the country.

Neither technical assistance alone nor selective financial assistance alone would make a very large dent in the national problems of soil erosion and depletion. Operating together, along with the educational work of the Extension Service, they are getting a lot done, and can do more.

Anyone traveling by plane across the United States can see the results--fields cultivated on contours, crops planted in criss-cross strips, green cover crops where once was washed brown earth, terraces on hillsides, and thousands upon thousands of dams and ponds.

Advances under the ACP are helping farmers all over the country make these gains in anchoring and restoring soil. Erosion has been checked in many areas through introduction of adapted grasses and legumes, construction of terraces, building of dams, sodding of waterways, planting of trees, and practices like contour farming and strip cropping.

Land has become more productive through plowing-under of green manure crops, application of lime and commercial fertilizers, and establishment of more efficient irrigation systems.

Crop yields have risen sharply. Within the last 15 years national average yields per acre have gone up by about 40 percent. A number of factors have contributed to the increase--better varieties of field crops, more and better machinery, and improved pesticides. Above all, has been the increased application of lime and fertilizer, use of which has been encouraged by the Agricultural Conservation Program. In addition, other soil building and soil conserving practices of the ACP have helped to bring about the great gains in productivity and have laid the groundwork for maintaining them in the future.

Financial assistance in carrying out approved practices is necessary to getting the conservation job done. Often there are conflicts between the short-term pressures on the individual farmer and the long-run welfare of the whole nation. Many tenant farmers with uncertain leases, for instance, cannot be expected to undertake the expense of long range conservation measures. And there also is a natural tendency among many farmers of all kinds to harvest as many bushels of cash crops as they can when prices are high, and to avoid expenses for conservation when prices are low. But the National interest, at all times, is in maintaining and building up its soil fertility.

The Biggest Job Still Lies Ahead

Operators of about half the farms in the country, representing about two-thirds of the cropland, are participating in the Agricultural Conservation program. Even among these farms there are few on which every acre is receiving adequate conservation treatment. The technical aid program of the Soil Conservation Service has reached about one-fifth of the nation's farms, most of which are also taking part in ACP.

The progress made since the middle 1930's has been almost unbelievably great, but even more still remains to be done. Gains from cooperative conservation have not yet offset losses from soil erosion and deterioration. On most farms throughout the country, fertility is still on the downgrade. For instance, the exploitive systems of agriculture followed on most farms on the richest lands of the Middle West and the Great Plains are now taking their toll.

We shall have to work faster and more efficiciently at the conservation task if we are to keep pace with the rising needs for farm production.

The problem is far more than that of increasing participation in existing programs. It is to streamline the whole conservation effort so well that every dollar of expenditure, and hour of time, and pound of material will bring maximum gains in the kinds of soil saving and soil building that are most needed.

The work of tightening up the program already has begun. The day-to-day work of the Soil Conservation Service and the Agricultural Conservation program, which always have had the same ultimate aims, have been coordinated much more closely. Technical experts of SCS now have the technical responsibility for deciding what ACP practices are adapted to each part of the country and for advising on how they should be carried out. The SCS work of helping farmers work out long-range plans for conservation farming also are being meshed more closely with the work of county and community ACP committees, so that the operation of each program supplements and strengthens the other.

Perhaps the most important new step of all was taken this year, when a new approach to the ACP program was tried out in one county of each State. In this program the emphasis was on using ACP practices to carry forward an individual conservation plan for each farm and to concentrate on the practices

most needed there. On farms where the SCS had helped work out a long-range plan, that was used. From early indications the new approach is working well. In the selected counties, participation was about one-fourth higher than it had been the year before and about 70 percent more permanent conservation practices were being carried out. Next year this modification of the ACP program will be followed more widely, in as many counties as available funds will permit. As part of the new approach, committeemen need to visit each participating farmer for a thorough discussion of his conservation problems and possibilities.

The new approach should further strengthen the Agricultural Conservation Program. The amount of conservation work still to be done is huge, especially in comparison with funds available for doing it, and time is running out. The more individualized version of ACP, with its emphasis on the practices most needed on each farm and on a basic plan for each farm, will bring more conservation per dollar. This should tend to reduce, and ultimately end, the need for payments to farmers for annual practices, such as liming and fertilizing, which more and more they would be able to finance by themselves. Increasing stress will be laid on long-range conservation practices, many of which require heavy investment and major changes in farm operations. Farmers will benefit and the public will be getting more for its money.

More than ever, farmers and consumers, -- that is, all the people of the United States -- will be partners in a continuing campaign to hold and restore the Nation's greatest single asset, the fertility of its farmland.

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IV

WHERE PRICE SUPPORT FITS IN --
PUTTING FLOORS UNDER FARM PRICES

Improving farm soil is a great step toward abundant, continuing agricultural production; but it is only the first step. Even when considered along with the technological gains that are developing higher-yielding plants and animals and better farm equipment and materials, the fact that soil can be conserved and restored means simply that there is no physical barrier to ample production of food and fiber in the United States. It does not in itself assure us that farmers always will be willing or financially able to raise all of the products that are needed. Neither does it go far in reducing the ups and downs of production that result from weather conditions and other uncontrollable forces of nature; farmers and consumers still would face unnecessary risks of too high production in some years, too low in others.

It is to cope with these economic difficulties that price support fits into the national farm program.

Effective measures of price support enable farmers to go ahead confidently with all the production that is needed at any period. As a result of farmers' confidence, consumers gain added protection against extremes of scarcity and high prices.

Built largely around crop loans on storable commodities, the price support system puts floors under farm prices and at the same time provides an Ever Normal Granary of reserves. Although there is only one price support program, it will be better to look at the two aspects separately.

Agriculture-Washington

Protecting Farmers' Incomes

There was a time -- and not too long ago -- when farmers feared large national crops. They had reason to, after observing for years how bumper crops almost always meant low prices and often smaller net returns than from small or even average crops.

For example, the 1921 corn crop of 2.6 billion bushels had a farm value of only 1½ billion dollars, whereas the 1922 crop of 2.2 billion bushels had a value of more than 2 billion dollars. Looking at the other side of the picture, when cotton production dropped from 18 million bales in 1926 to 13 million bales in 1927, the total farm value of cotton rose by nearly 200 million dollars. The same relationship of supply to value applied to most other commodities.

The price support program puts floors under farm prices and thus protects farm incomes. This is the simplest, most direct, aspect of price support. It was the reason for the earliest support programs of the 1930's, and farmers all over the country still recognize its worth today.

Steadying the National Economy

Also widely understood is the way that price supports for farmers guard the whole Nation against extremes of economic depression. Fair and steady prices for farm commodities make farm income more stable and put a strong foundation under the national economy. The effects of farm buying are felt first, of course, in the rural towns, where the prosperity of business and professional men depends directly upon the prosperity of the farmers nearby. But from these towns, the effects of farm buying spread to larger centers, increasing the demand for manufactured goods, adding to the number of jobs and generally helping to raise the level of business activity.

One of the most clear-cut examples of what farm buying power means to the national economy, and of how farm purchases fluctuate with income, is the record of expenditures for new buildings. In 1929 farmers spent 631 million dollars on materials and construction work for new buildings -- about one dollar out of every 18 received from marketings. Three years later, in the depths of the depression, farmers spent 140 million dollars for new buildings, or about one dollar out of 34 of a much smaller cash income. In 1950 farmers spent 2,490 million dollars for new buildings -- about one out of every 11.5 dollars of cash receipts.

Altogether, in 1950, farm people represented close to a 25 billion-dollar market for nonfarm goods and services of all kinds. The more stable farm buying power is, the more it can steady the whole economy. For instance, when the national level of business activity dropped of in 1949, price supports soon checked the fall of farm prices. The bolstered the general structure of commodity prices. The fact that farmers were able to keep on spending helped to keep business going and to maintain employment. Business had picked up again before the fighting started in Korea. Farm price supports had a large part in preventing a minor depression from becoming a major one. In 1921, when there were no price supports, a similar decline in farm prices and buying power was not checked. General business activity fell off, unemployment spread, and there was a large scale depression that lasted nearly two years.

Farm Price Supports Protect Consumers

While the value of the price support program in maintaining farm incomes and warding off general depressions is widely recognized, the more positive effects of price supports in encouraging abundant production and counteracting inflation are only now becoming generally understood.

The fundamental need, of course, is for high output of food and fiber. In the present period of emergency we need it to supply our own armed forces and civilians and to help friendly nations. In the years ahead, even if the world becomes a more settled place to live in, we shall need all we can produce to meet the needs of our growing population plus whatever normal export demands can be expected.

In spite of this long-range trend toward larger markets, farmers could not plan and carry out full production year in and year out without assurance against being swamped by temporary surpluses. The price support program supplies that assurance. Its effects can be read in the record of farm production. For some years production has been considerably higher than the 1935-39 average. In 1951 it was 40 percent higher. There are a number of reasons for this gain -- soil conservation and improvement, better breeding of plants and animals, better machinery, better pesticides, and other improvements. But another major reason has been the sense of security that comes from knowing that price supports are available in case of need.

In addition to promoting confidence, there is another way in which price supports can, in the future, help farmers to continue with abundant production. That is in supplying the actual cash needed to maintain high output of crops and livestock. Even as recently as 20 years ago, agriculture was much more self-sustaining than it is today. There were more draft animals and fewer machines than there are now; instead of buying tractor fuel, many farmers raised their own feed. They spent less cash for lime and fertilizer and less for specialized equipment.

For instance, farmers used about 8.4 million tons of commercial fertilizers in 1930, and 19.8 million tons in 1950. The number of tractors on farms was less than a million at the start of 1931 and 4 million at the beginning of 1951.

Farmers' production expenses in 1950 were almost 3 times what they were in 1930. Even allowing for changes in purchasing power, this represented an increase of nearly 70 percent.

Less than a generation ago, the first result of a break in farm prices resulting from surpluses often was still higher surpluses as farmers tried to hold up their incomes by planting more acres. Today the majority of farmers would not be able to do this. The cash expenses required to operate a farm are so much higher than they used to be that a serious fall in farm income would reduce production. Most commercial farmers would not be able to maintain output even if they had the heart to try to. Thus, under the new conditions, the whole Nation has an added stake in farm price support.

How Much Does Price Support Cost?

No operation as large and far-reaching as the price support program can be run on a shoestring. Just as the program has benefited the Nation as a whole, all taxpayers, farm and nonfarm alike, have an interest in how much it costs.

It would be misleading and meaningless to give any one hard and fast figure as the total cost of such a complex operation. There is, however, a dependable measure of the cost of by far the greater part of the job. That is the net loss of the Commodity Credit Corporation in carrying out price support. CCC has been the main instrument for supporting farm prices since 1933, through crop loan and purchase operations. In many years the total sums advanced as loans or spent in purchases have been large. But these outlays must be balanced against proceeds from the sale of loan stocks or commodities acquired by regular purchase programs and from storage and handling charges. A number of loan programs have resulted in a profit, as stocks were sold to stabilize the market and keep consumers supplied in times of high demand.

Between October 17, 1933, when loans first were made available on corn and cotton, through May 31, 1952, CCC spent $1,041,000,000 more than it got back. Of this total--which an accountant would call the net realized loss -- considerably more than half went for the purchase programs to support prices of potatoes and eggs, neither of which is being supported at present.

The billion-dollar cost was incurred over a period of 18½ years, making the average annual cost about $56,000,000. This does not seem a large price to pay for stabilizing the multi-billion-dollar agricultural industry, and thus protecting farm incomes and steadying the whole economy, while helping to assure consumers of continuing abundant supplies.

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V.

WHERE PRICE SUPPORT FITS IN -- STABILIZING SUPPLIES THROUGH STORAGE

The idea of storing reserves in fat years against lean years to follow is at least as old as the story of Joseph in the Bible. The United States never has had anything like Egypt's seven lean years of famine when Joseph's granary saw the people through. But it could have serious shortages of food and fiber, and it has had painful fluctuations in the supply of important commodities from one year to the next.

Storage loans have become the chief reliance of farmers and the whole Nation against short-term uncertainties. In the very long run the other provisions of the farm program make it possible to balance production against needs. But no one yet has had much success in even foreseeing -- much less in preventing -- such weather hazards as drought, floods, hail or early frosts. Ravages of many insect pests and plant and animal diseases are almost as unpredictable and are hard to subdue quickly. The possibilities of sudden turns in national and world events add to the uncertainties.

There are several ways of supporting farm prices and incomes, but no other method could have the same continuous steadying effect. The reserves stored up against lean years are of direct benefit to many farmers as well as to consumers, for the loan stocks include feeds as well as foods and fibers. Feed-grain reserves have first been a lifesaver to livestock producers and later, through them, to consumers of meat, milk and eggs. In recent years the storage loan provisions of the price support program have done much to level out extreme peaks and valleys of year-to-year supplies and therefore made the physical availability of important commodities, as well as farm prices, more

stable than they would have been otherwise.

How the Storage Program Works

When supported crops are large and prices weak, farmers put their storable commodities under loan at the support price. Opportunity to take advantage of the loan helps farmers, because the support price, although it is generally less than parity, places a definite floor under commodity prices. If prices have not strengthened by the time the loan matures, the farmer may, instead of repaying his loan, deliver the commodities put up as security for the loan to the Commodity Credit Corporation, which holds them until they are needed.

Demand for CCC reserves generally comes in years of short crops or in time of national emergency. Demand increases; prices rise; and the CCC sells in commercial channels the supplies it has accumulated in years of plenty. The CCC sales tend to slow the price rise and thus help to assure more reasonable prices to consumers of farm products.

The removal of supplies from commercial channels in years of surplus and their return to the market when demand increases tend to equalize marketings. This ever-normal granary principle has been -- as in Joseph's time -- a source of national strength in time of emergency. From the very beginning, the storage loan program has served the Nation well in times of high and low production and of crisis in demand.

The Record for Corn

Corn reserves built up in 1933 were used in the drought year of 1934. Loan stocks that again had begun to accumulate in 1935 were released in the critical drought year of 1936. The record during the second world war and the period of world-wide hunger that followed is even more dramatic. Once more using corn as an example, on October 1, 1940, reserves (mostly loan collateral

or owned outright by CCC) were 688 million bushels. Eight years later stocks totaled 123 million bushels. That is, during the war and postwar emergencies, the granary built up under the farm program provided 565 million bushels of corn in addition to current production during the period. Based on the proportions of corn and other feeds going into various types of livestock, this 565 million bushels represented:

Over 2,000 million quarts of milk
Nearly 500 million dozen eggs
Over 2,400 million pounds of meat.

During most of the eight-year period as corn moved out of storage the market price was above the support level; release of the stocks helped keep prices from reaching fantastic peaks. Then the situation changed swiftly, and during the next two years the shoe was on the other foot. Most of the time the market price was below the support level, but prices were kept from going still lower as corn moved into the loan reserve. By October 1, 1950, the tide had turned again, partly because of the outbreak in Korea. But by that time the granary was well filled, with corn reserves standing at 845 million bushels. Since then the market price again has been above the loan level, and part of the reserve has flowed out to maintain livestock production.

The Record for Other Commodities

In December 1941, the month the Japanese bombed Pearl Harbor, the CCC had acquired substantial holdings of several key commodities and had, in addition, large loans outstanding on these products. In addition to corn, large stocks of cotton and wheat were owned by CCC or held as collateral. With the United States at war, all the talk about "unmanageable surpluses" stopped abruptly. "Surpluses", almost overnight, had become "national reserves."

The cotton was sold during the war period -- at a profit to the CCC of more than $200,000,000 -- to meet urgent war needs. The corn and wheat were

indispensable to the United States in maintaining the vital flow of food to civilians, armed forces, and allies.

Again, in June 1950, the CCC had acquired large holdings under the price support program and had advanced loans on additional large quantities put up as collateral. And again, as in World War II, events proved the wisdom of maintaining reserves. By November 1951, all the cotton held by the CCC when South Korea was invaded had been sold and farmers were being asked to produce in 1952 a crop of 16 million bales. Corn stocks had dropped so much that production goals for 1952 were calling for a great increase in corn production. The wheat total had also dropped, but not so far. Many other commodities on the CCC's list were used to hold the price line and to meet urgent defense requirements.

Storage Facilities Have Been Enlarged

As the need for an ever-normal granary has become more and more apparent, steps have been taken to increase storage capacity, especially for grain. This expansion has been made possible through an amendment to the Commodity Credit Corporation Charter Act, which gives the CCC authority to take broad action in the storage field.

In 1949, the CCC's capacity for storing grain it owned or controlled totaled only 45 million bushels. By 1951, however, the capacity of grain-storage structures owned by the CCC totaled about 545 million bushels. Commercial storage space for 93 million additional bushels of grain had been approved under a storage-use guarantee program. Loans had been made for construction of on-farm bins and cribs having a capacity of 85 million bushels. Thus in 3 years the farm program brought about a direct over-all increase in storage facilities of nearly 700 million bushels. Other increases in storage capacity, of course, have resulted indirectly.

The Growing Need for Adequate Reserves

Substantial reserves of food, feed and fiber are essential to the national security. If further proofs were needed, experience in the second World War and since the outbreak in Korea have supplied them. Furthermore, the level of reserves required is steadily becoming higher. Stocks that would have been adequate 10 years ago would be wholly inadequate today. The United States population has increased by almost 21 million since 1942 and will keep rising. The Nation's world responsibilities are far heavier than they seemed in 1942 and whatever they may do, they will not diminish. Farmers in the future will be working under forced draft to meet higher and higher requirements on about the same crop acreage. Short-term swings below or above production goals will be larger and could lead to more serious results.

The Nation must set its sights on larger and larger stockpiles of food and fiber as a regular, continuing measure of defense. The machinery for gathering and maintaining these stockpiles must be adequate to the task. The income security of farmers is as much at stake as the Nation's strength. In spite of the long range expansion in demand for farm products, times will almost certainly come when a series of bumper crops, a temporary slackening of demand, or a combination of both, will bring surpluses and the threat of price breaks. Guarding against such disasters is part of the ever-normal granary program of storage loans.

Storage loans thus are an essential part of an effective price support program, and this whole phase of the farm program is in turn an essential part of the whole national farm program. Together with agricultural conservation, the goals program, and acreage allotments and marketing quotas when needed, they constitute a bulwark of defense. At the same time, they are a great economic balancing force that can help keep the Nation's agriculture and industry moving forward at a steady pace.

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The Growing Need for Agricultural Education

substantial numbers of food, feed and fiber and essential to the national security. If October proves such a crisis, attention in the United States and since the outbreak in Korea have supplied them. Furthermore, the level of farming required is strongly bounding upward. Crops that could have been grown 10 years ago would be totally inadequate today. The world of tomorrow promises to be even more demanding. The world's population has increased by almost 21 million in since 1952 and will keep rising. The Nation's world responsibilities are far greater than they were in 1952 and what we do, they will not diminish. Farming in the future will be another order from farms to most higher and it not very long-range on about the same order. Short-term outlook is as above average. Farm people will be fewer and could lead to more serious problems.

The Nation needs to be able to have an larger and larger production of food and fiber as a result, conflicting demands of farms. The availability of qualified and competent farm students must be adequate to the task. The means availability of farmers is an asset at stake as the Nation's strength. The role of the land grant colleges continues to be vital for farm production. Since only almost certainly some part a series of issues crops, a top-grade planning of farmers, or a certain kind of farmer, will have surpluses and the market is going bounce. Counting on such discoveries is part of the cost-of-general industry, certain of farm to farm.

So crop farms this and is essential part of an effective public research program, and this whole phase of the farm program is to form an essential part of the small commercial farm program. Together with agricultural conservation, the soil bank program, and storage allowances and marketing quotas farm needed, they constitute a family of factors. At the same time, they are a great opportunity bringing farm aid has help keep the Nation's agriculture and industry working forward at a steady pace.

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